



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 14, 2004

H.R. 3266

Faster and Smarter Funding for First Responders Act of 2004

*As ordered reported by the House Committee on Transportation and Infrastructure
on June 2, 2004*

SUMMARY

H.R. 3266 would authorize the Secretary of the Department of Homeland Security (DHS) to change the criteria used to distribute funding for two existing grant programs for first responders established after September 11, 2001—the grant programs for State Homeland Security and the Urban Area Security Initiative.

The bill also would make the grant funds available to states to plan for natural disasters as well as terrorism events. H.R. 3266 would authorize the appropriation of \$3.4 billion in 2006 for first responder grants, and such sums as is necessary over the 2007-2009 period. Assuming appropriation of the authorized amount, in 2006 and adjusting that amount for anticipated inflation over the 2007-2009 period, CBO estimates that implementing H.R. 3266 would cost \$8.4 billion over the 2005-2009 period and over \$5.5 billion after 2009. Enacting H.R. 3266 would not affect direct spending or revenues.

H.R. 3266 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Assuming the authorized amount for 2006 and similar amounts for 2007 through 2009 are appropriated, implementing the bill would increase funding for existing aid programs while changing conditions for receiving those funds; any costs incurred by state, local, or tribal governments would be voluntary.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3266 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

	By Fiscal Year, in Millions of Dollars				
	2005	2006	2007	2008	2009
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level ^a	*	3,400	3,481	3,571	3,663
Estimated Outlays	*	680	1,716	2,677	3,322

NOTE: * = Costs of less than \$500,000 for administrative changes that would be made by the bill.

- a. The 2007-2009 levels assume the grant program continues at the 2006 level, adjusted for anticipated inflation. If grants after 2006 were not increased for inflation, the four-year total would be \$13.6 billion instead of \$14.1 billion. Without inflation adjustments, outlays would be \$200 million lower than the amounts shown in the table for the 2006-2009 period.

BASIS OF ESTIMATE

Almost \$10 billion has been appropriated for first responder grants since fiscal year 2003, including about \$3 billion in fiscal year 2004. The Office of Domestic Preparedness (within DHS) derives its primary authority to distribute grants to states and localities to prepare and respond to terrorism from the USA Patriot Act (Public Law 107-56). That law authorized the appropriation of such sums as necessary for first responder grants through fiscal year 2007. H.R. 3266 would authorize the appropriation of \$3.4 billion in fiscal year 2006 and such sums as necessary over the 2007-2009 period. The bill also would make the grant funds available to states to plan for natural disasters as well as terrorism events.

For this estimate, CBO assumes that H.R. 3266 will be enacted near the start of fiscal year 2005 and that the authorized amount will be appropriated for 2006 and that the 2007-2009 funding levels will be set at the 2006 level, adjusted for anticipated inflation. For this estimate, CBO assumes that each state would need to update its homeland security plan to reflect the state's preparedness for natural hazards and terrorism incidents. After that update, we expect that spending would follow historical spending patterns for existing state and local grant programs for emergency management activities. CBO estimates that implementing this bill would cost \$8.4 billion over the 2006-2009 period and about \$5.5 billion after 2009.

Under the State Homeland Security program, DHS distributes three-quarters of one percent of the amount appropriated for the program to each state and one-quarter of one percent to the territories. The remaining funds are distributed to states based on population. The Urban Area Security Initiative program provides funding to high-threat areas of the country. Under H.R. 3266, DHS would consolidate these two existing programs and distribute 0.55 percent

of the grants to each state and 0.18 percent to U.S. territories. The rest of the funding would be distributed based on threats, vulnerabilities, and risk assessments for each state and locality.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3266 contains no intergovernmental or private-sector mandates as defined in UMRA but would make several changes to existing grant programs. First, it would consolidate two current programs—the State Homeland Security Grant and the Urban Area Security Initiative—and authorize the appropriation of \$3.4 billion in fiscal year 2006. Second, it would change how these funds are allocated by decreasing the base allocation to each state and awarding the remaining funds according to potential disaster risks. While some states would receive less funding than in previous years and others would receive more, assuming authorized funds are fully appropriated, total funding would increase by \$0.3 billion over appropriations for 2004. Finally, this bill would expand eligible activities to include preparing for natural disasters, adding personnel during heightened threat alerts, and training first responders. Any costs incurred by state, local, or tribal governments as a result of these changes to the grant programs would be incurred voluntarily.

Other provisions of the bill would require DHS to create, with input from local first responders and trade representatives, voluntary standards for equipment and training for first responders. The bill also would require DHS to revise the Homeland Security Advisory System to include geographic and economic sector designations.

PREVIOUS CBO ESTIMATES

On July 16, 2003, CBO transmitted a cost estimate for S. 1245, the Homeland Security Grant Enhancement Act of 2003, as ordered reported by the Senate Committee on Governmental Affairs on June 17, 2003. On September 9, 2003, CBO transmitted a cost estimate for S. 930, the Emergency Preparedness and Response Act of 2003, as ordered reported by the Senate Committee on Environment and Public Works on July 30, 2003. Both of those bills would authorize the appropriation of different grant amounts for first responders. S. 930 also would authorize grants for urban search and rescue task forces.

On March 30, 2004, CBO transmitted a cost estimate for H.R. 3266 as ordered reported by the House Select Committee on Homeland Security on March 18, 2004. On June 8, 2004, CBO transmitted a cost estimate for H.R. 3266 as ordered reported by the House Committee on Energy and Commerce on June 3, 2004. The versions of the legislation approved by those two committees are similar, and the cost estimates are identical. The version approved by the House Committee on Transportation and Infrastructure is similar but would authorize the appropriation of funds over the 2006-2009 period, while the other versions of H.R. 3266 would authorize funding only for 2006.

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